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**FOR IMMEDIATE RELEASE:**

**FLORIDA PUBLIC COUNSEL ASKS PSC TO CUT  
PROGRESS ENERGY RATES BY \$360 MILLION**

Tallahassee, FL, Monday, July 13, 2005--Florida's Public Counsel, Harold McLean, announced today that he was filing testimony to request a reduction of \$360 million in Progress Energy of Florida rates, in place of the \$205 million rate increase proposed by the company in January.

"Progress Energy filed a request for a \$205 million rate increase starting in 2006 and we believe that the company's case is significantly overstated," McLean said. "We have reviewed all of the company's documents and we believe that the company can reduce its rates by \$360 million annually and still earn a fair and reasonable return for its stockholders," he added. Today's filing includes the testimony of five expert witnesses who will back up the Public Counsel's position.

Progress Energy filed a request with the Florida Public Service Commission in January for approval of a \$205 million annual increase in its rates starting in 2006. The Florida Public Service Commission has scheduled public hearings in Ocala on July 20 and Clearwater/St. Petersburg on July 21 to solicit customer input on the company's quality of service and the rate increase proposal. A final technical hearing is scheduled for Tallahassee in September.

The company's rate increase proposal will add approximately \$5.00 per month to residential customer bill for usage of 1,000 KW per month. Public Counsel's proposed decrease will reduce residential bills for 1,000 KW by approximately \$9.00 per month.

The Florida Public Counsel is appointed by the Florida Legislature and is responsible for representing the citizens in public utility regulatory matters. Joining Public Counsel in opposing the Progress request is AARP, Florida Retail Federation, Florida Industrial Power Users Group and White Springs Agricultural Chemicals, Inc.

The Public Counsel proposals are centered on the company's request for authorization of a fair rate of return for its investment and the amount of depreciation expense that the company is authorized to collect. The company is requesting approval for an 12.8% return. Public Counsel contends that 9.1% is a reasonable return for utility investors in today's financial climate. In addition, Public Counsel has identified over \$1 billion of excessive depreciation reserves that the company has collected from its customers that should be credited back to customers on an expedited basis.

"Progress concedes that it has a depreciation surplus of over \$500 million, however, the company proposes to keep the surplus and reduce future depreciation expenses over the next 20 years," stated McLean. "However," he added, "the Commission has a solid history of eliminating depreciation deficiencies on an expedited basis, and we are only requesting here that the Commission take consistent action when a company has collected too much depreciation expense from its customers."

"We have taken Progress Energy's proposals and sifted through them with a fine tooth comb," stated McLean, "and what we expect to present to the Commission is a picture that shows a gross overstatement of the revenues this company needs in the future to operate its business efficiently with solid financial returns for its investors." "We hope that the Commission will require the company to justify every single expense item," he added, "and if the Commission does that, I am confident that Progress customers will get a rate decrease rather than an increase."

**For more information call Harold McLean, 850-488-9330**